




Hempstead**Works**

Return on Investment Report

PROGRAM YEAR 2008 • JULY 1 2008 THROUGH JUNE 30, 2009

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Ana Maria Hurtado
Commissioner/WIB Director
Department of Occupational Resources

Ann Steinger
Chairperson
Local Workforce Investment Board



HempsteadWorks

Dear Friend:

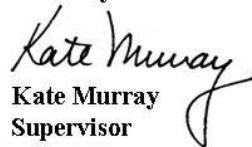
Welcome to HempsteadWorks, a network of organizations coordinated by the Town of Hempstead Department of Occupational Resources. Whether you are an employer seeking to hire qualified workers or an individual looking for a job, HempsteadWorks offers valuable services to assist you.

Working in partnership with business, industry and the community, we are dedicated to developing the talented workforce that our economy demands. To this end, we help employers to recruit, train and retain employees. We also help job-seekers to find employment and to build their workplace skills.

Please feel free to browse our website, where you can access helpful information and other resources. You are also welcome to visit the HempsteadWorks Career Center, located within the Town of Hempstead Department of Occupational Resources at 50 Clinton Street, Suite 400, in Hempstead New York, between the hours of 9:00 AM and 4:00 PM, on any business day. You may also contact us by telephone at (516) 485-5000, or by fax at (516) 485-5009.

I am delighted to share this *Return on Investment Report* with you and I urge you to fully utilize our services to fulfill your needs as an employer or as a jobseeker.

Sincerely



Kate Murray
Supervisor

TITLE I

I. STATUTORY CRITERIA

The Workforce Investment Act (WIA) statute includes the following passage with respect to Return on Investment:

The purpose of this subtitle is to provide workforce investment activities, through statewide and local workforce investment systems, that increase the employment, retention, and earnings of participants, and increase occupational skill attainment by participants, and, as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the Nation.

II. QUANTITATIVE RESULTS

The quantitative portion of this report projects the return of federal dollars invested over a three year period. This projection is based upon the monetary benefit derived by the WIA Title I programs in terms of tax revenue generated and welfare costs saved, divided by WIA dollars expended. Based upon this method, the following is the quantitative projected ROI over the next three years:

HW SYSTEM CATEGORY	ROI PER EACH \$ INVESTED
WIA Title 1	\$52.63

The formula by which ROI was calculated includes the following factors:

- Customers Served and WIA Funds Expended within the Program Year
- Projected Employment Rate of Exiters Over Three Years
- Average Projected Participant Wages Over Three Years
- Projected Savings in Public Assistance
- Projected Tax Benefit from Participant Wages Earned

The following assumptions were made in developing the formula factors:

- WIA Participants employed in the first quarter after exit will remain employed at relatively the same rates over a three year period

TITLE I

- Customer wages were calculated as if they were to remain static and not subject to cost of living or performance increases
- Public Assistance Savings were projected at static rates based upon current information provided by the Nassau County Department of Social Services
- Tax Benefits were calculated based upon an average of 15.00% Federal and 5.00% State Withholding
- WIA Dollars Invested were calculated based upon 100% expenditure of the allocation for the grant being measured in a particular program year
- Reduction in Unemployment Insurance Benefits, and many other savings were not included

WIA Title I

1. Projected Tax Benefit

- Participants Served: 26,689
- Entered Employment Rate: 69.40%
- Projected Entered Employment Number: 26,689 (participants) x 69.40% = 18,522 Participants
- Average Weekly Wage: \$399.80
- Projected Average Wages for 12 Month Period Following Termination: 18,522 (Projected Entered Employment) x \$399.80 (Average Weekly Wage) x 52 Weeks = \$385,064,971.20
- Projected Average Annual Wage Gain Per Participant: \$385,064,971.20 divided by 26,689 (# Served) = \$14,427.85
- Projected Average Tax Benefit Per Participant (Based upon Income Tax Rates of 15.00% Federal and 5.00% State Tax Rates): \$14,427.85 x 20.00% = \$2,885.57

TITLE I

2. Projected Welfare Savings

- Welfare Participants Served: 379
- TANF Participants: 379
- Average Monthly TANF Cost (Based upon a Mother and two Children): \$675.00 (Cash Grant) + \$200.00 (Food Stamps) = \$875.00
- Average Annual TANF Cost: 379 Participants x \$875.00 x 12 Months = \$3,979,500.00
- Average Annual TANF Benefit Per Participant = \$3,979,500.00 divided by 379 = \$10,500.00

3. Dollars Invested

- Projected WIA Title I: \$3,020,627.00
- Cost Per Participant: \$3,020,627.00 divided by 26,689 = \$113.18

Return On Investment (ROI) Ratio Over Three Years

First Year

\$113.18 Average Cost Per Participant
\$0.00 Average Tax Benefit Per Participant
\$0.00 Average Welfare Benefit Per Participant

\$113.18 ROI

Second Year:

\$0.00 Average Cost Per Participant
\$2,885.57 Average Tax Benefit Per Participant
\$149.11 Average Welfare Benefit Per Participant

\$3,034.68 ROI

Third Year:

\$0.00 Average Cost Per Participant
\$2,885.57 Average Tax Benefit Per Participant
\$149.11 Average Welfare Benefit Per Participant

\$3,034.68 ROI

Three Year Benefit:

- \$113.18 First Year
\$3,034.68 Second Year
\$3,034.68 Third Year

\$5,956.18 Three-Year Benefit Per Customer

Return on Investment Ratio:

\$5,956.18 (Three Year Benefit)

Divided by \$113.18 (Cost Per Participant)

**= \$52.63 return on each WIA dollar
invested.**

Qualitative Results

III. Qualitative Results

While the quantitative results of this report indicate that this benefit is being achieved by the Workforce Investment System on the basis of cost effectiveness and performance achievements, this portion attempts to further illustrate the fulfillment of its mission in human terms. Unlike such measures as Welfare savings, which were factored into the "Quantitative Results" section with specific monetary values, additional benefiting factors of the Workforce Investment System are listed here in more general terms:

- Sales tax revenues are generated from customers' earning training based payments while enrolled in Work Experience programs
- Sales, real estate, and school tax revenues are generated from exiters who enter employment
- Dollars are returned by participants in both of the above categories into the local economy

- Increased opportunities for existing businesses to expand and for new ones to open in the local area are created due to a highly skilled, competitive workforce
- Recruitment costs for employers are lowered as a result of the job matching services
- High School dropout rates decrease and college entrance rates increase due to Year-round Youth and Summer Youth programs
- More youth and adults return to school and achieve GEDs
- Vocational rehabilitation, substance abuse recovery and displaced homemaker programs experience high success rates as a result of sequential or concurrent programming with WIA
- Costs for outplacement services are reduced through rapid and expeditious response activities conducted for employers that are downsizing
- Local workforce development activities are more efficient as a result of these initiatives
- The welfare to work rate increases
- The period of unemployment for dislocated workers is shortened

Qualitative Results

While the benefit of the above general factors is manifested both in financial and humanitarian terms, they combine with the quantitative factors to yield perhaps an even greater, but less tangible value in terms of improving the quality of life for our local citizens. Examples of how the system improves the quality of life are as follows:

- Breaking the cycle of poverty and welfare dependency for economically disadvantaged individuals
- Establishing positive role models for young people in impoverished families
- Elevating the self-esteem of unemployed and underemployed individuals by furnishing them with occupational and life skills
- Maintaining confidence in the strength of the local economy
- Establishing an efficient transition system for dislocated workers to enable them to address the emotional and psychological issues related to displacement, and at the same time to gain the skills needed to compete in a labor market affected by corporate restructuring, rapidly emerging

- technology, and global competition
- Increased education, employment and training opportunities for underutilized segments of the workforce including: women in non-traditional employment, minorities, mature workers and individuals with disabilities
- Private sector direction of workforce investment in the local area as a result of the efforts of the Workforce Investment Board (WIB)
- Continuous improvement and increased customer satisfaction as a result of the WIB's quality initiatives
- Collaboration among local educational agencies, community based organizations, businesses, commerce organizations, and local government to create opportunities for job seekers and entrepreneurs



Town of Hempstead Workforce Investment Board

Executive Committee

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Top Hat Imagewear
Chairperson

Alan H. Nachman
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Systems, Inc.
Vice Chairperson

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Ana-Maria Hurtado
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*The Workforce Investment Act Title I financially assisted program is an equal opportunity employer / program.
Auxiliary aids and services are available upon request to individuals with disabilities.*